

# Decision Pathway – Report



**PURPOSE:** Key decision

**MEETING:** Cabinet

**MEETING DATE:** 7 March 2023

<b>TITLE</b>	<b>2022/23 P10 Finance Exception Report</b>	
<b>Ward(s)</b>	n/a	
<b>Author:</b> Gemma Prince	<b>Job title:</b> Finance Business Partner - Planning	
<b>Cabinet Lead:</b> Cllr Craig Cheney – Deputy Mayor and Cabinet Member for Finance, Governance and Performance	<b>Director Lead:</b> Denise Murray – Director of Finance	
<b>Proposal origin:</b> Other		
<b>Decision maker:</b> Cabinet Member		
<b>Decision forum:</b> Cabinet		
<b>Purpose of Report:</b> This report is to make Cabinet aware of any material finance changes that have occurred since the Period 9 report was presented. It covers Period 10 (January 2023 extrapolated). The report also serves as a mechanism for any finance approvals or adjustments that are required on the Council's approved budget.		
<b>Evidence Base:</b> Since the P9 Finance exception report to Cabinet, there are several changes in the 2022/23 financial position to bring to the attention of Cabinet and as such this report includes:  General Fund summary <ol style="list-style-type: none"> <li>General Fund is currently forecasting a risk adjusted overspend of £15.0m, 3.5%, on the approved gross budget of £431.1m. This reflects a net deterioration of £3.7m in the period. Children and Families account for £2.7m, Energy Services for £2.5m and Parking Services for £0.6m of new pressures. These are partially offset by the removal of £2.2m inflation risk shown under corporate items.</li> <li>General Fund savings programme of £24.4m for 2022/23 as agreed by Council reports £3.0m, 12%, at risk (£3.5m/14% at P9). A number of these saving delivery risks are captured in the forecast outturn above and or directorate risk and opportunities log; however, it should be noted that not all risks are formally acknowledged in the outturn and as such this represents an underlying additional risk.</li> </ol> The Ring-fenced Accounts summary <ol style="list-style-type: none"> <li>Housing Revenue Account (HRA) is forecasting £6.4m (5.7%) adverse variance against its £112.6m net expenditure budget. This a favourable movement of £1.6m when compared to P9 forecast.</li> <li>Dedicated Schools Grant (DSG) net budget is forecasting an in-year overspend of £17.4m, adverse variance against its £423.4m ring-fenced budget, this represents an improvement of £1.4m from P9 forecast position, taking the total accumulated carry forward opening deficit for 2023/24 to £42.0m.</li> <li>The Public Health Grant allocation for 2022/23 is £34.6m and no variation is forecast (again in line with the forecast at P9).</li> </ol> Capital Programme <ol style="list-style-type: none"> <li>The Capital programme forecast variation is an underspend of £25.4m (11.4%). This comprises a £16.1m underspend within the General Fund, primarily within the Growth and Regeneration directorate, and £9.3m within the HRA.</li> </ol> Flexible Use of Capital Receipts <ol style="list-style-type: none"> <li>Due to the changes to the Flexible Use of capital Receipt regulations, required submission to the Secretary</li> </ol>		

of State prior to the direction being used and slower than anticipated progress of the disposal programme with a consequent shortfall to support the financing of the capital programme in future periods, it will be necessary to substitute its use with any capital financing budget surpluses during 2022/23.

#### External Funding Decisions

2. DHLUC, Local Authority Housing Fund (LAHF) allocation of c.£4.18m capital grant funding 'Local Authority Housing Fund' to provide 30 homes, 25 properties for resettled families on the Homes for Ukraine Scheme and 5 homes for resettled Afghan families living in Bridging hotels.
3. The award of grant funding 'Drug Strategy Housing Support Fund' has been revised up a total £1,418,938.
4. The delivery model for Energy Bill Support Scheme Alternative Funding Grant (EBSS AF) new funding of £1.9 million is outlined.
5. Get Councils Building HE Grant of £100,000 from Homes England (HE) under the "Get Councils Building, Bristol (PCS - 30976)" programme.
6. Additional Adult Social Care grant funding allocation, total £462,219.

#### Cabinet Member / Officer Recommendations:

That Cabinet gives:

1. approval to accept the DHLUC, Local Authority Housing Fund (LAHF) allocation of c.£4.18m capital grant funding and to revise Capital Programme budgets accordingly. Details are as set out in Appendix A2.
2. approval to accept Drug Strategy Housing Support Fund revised allocation of £1.419m grant funding and to adjust Revenue budgets accordingly. Details are as set out in Appendix A3.
3. approval to accept the Get Councils Building HE Grant and to revise Capital programme budgets accordingly for utilisation of the £100,000 grant. See Appendix A5.
4. approval to accept the additional Adult Social Care grant funding allocation of £462,219 and to adjust revenue budgets accordingly. Details are as set out in Appendix A6.

That Cabinet notes:

5. the General Fund risk adjusted forecast overspend of £15.0m, and residual gap of £8.2m following latest approved supplementary estimates noting the position will continue to be closely monitored and mitigations explored; however, it is likely that a further Supplementary Estimate may be required prior to the end of the financial year and should this be required appropriate approvals will need to be sought from Cabinet / Council.
6. the forecast overspend of £6.4m within the HRA (with actual end of year position being funded by a transfer to or from the HRA general reserve).
7. the forecast in-year deficit of £17.4m accumulating to a total £42.0m carried forward deficit in the DSG for 2023/24, and that the Council and the Schools Forum are developing a mitigation plan which will seek to address the High Needs overspend.
8. the forecast £25.4m underspend (excluding corporate contingencies), £16.1m within the General Fund and £9.3m within the HRA against the latest approved Capital Programme's Budget.
9. the utilisation of capital financing budget surplus to fund the Digital Transformation Programme spend 2022/23, and Transformation resources earmarked within the flexible use of capital receipt strategy and thereafter the wider revenue budget.
10. the delivery model for the new Energy Bill Support Scheme Alternative Funding Grant (EBSS AF) of £1.9m Further details set out in Appendix A4.

#### Corporate Strategy alignment:

This report sets out progress against our budget, part acting in line with our organisational Theme of Effective Development Organisation, making sure that we are financially competent and resilient, offering good value for money (page 58).

#### City Benefits:

Cross priority report that covers whole of Council's business

**Consultation Details:** n/a

**Background Documents:** n/a

<b>Revenue Cost</b>	See above	<b>Source of Revenue Funding</b>	Various
<b>Capital Cost</b>	See above	<b>Source of Capital Funding</b>	Various
<b>One off cost</b> <input type="checkbox"/>	<b>Ongoing cost</b> <input type="checkbox"/>	<b>Saving Proposal</b> <input type="checkbox"/>	<b>Income generation proposal</b> <input type="checkbox"/>

<b>Required information to be completed by Financial/Legal/ICT/ HR partners:</b>	
<b>1. Finance Advice:</b> The resource and financial implications are set out in the report.	
<b>Finance Business Partner:</b> Jemma Prince, Finance Business Partner – 27th February 2023	
<b>2. Legal Advice:</b> The report, including the detail set out in Appendix A1, will assist Cabinet to monitor the budget position with a view to meeting the Council’s legal obligation to deliver a balanced budget. There are no specific legal issues arising from the decisions recommended in the report.	
<b>Legal Team Leader:</b> Nancy Rollason, Head of Legal Service, 22 <sup>nd</sup> February 2023	
<b>3. Implications on IT:</b> There is no direct impact on IT arising from the process of budget monitoring. The proposal to finance the Digital Transformation Programme from capital financing represents a shift from the original Full Business Case approved by Cabinet in July 2022 but does not impact overall investment in the Programme or its ability to deliver its aims. There are some operational impacts arising from the IT service’s own budget pressures and its work to mitigate these, and also from the council’s corporate vacancy freeze. However, the service remains operational and is actively managing its risks.	
<b>IT Team Leader:</b> Tim Borrett, Director: Policy, Strategy and Digital – 23 February 2023	
<b>4. HR Advice:</b> Recruitment controls remain in place. The Council’s turnover rate is running at a healthy level from which (where possible) vacancies are being held or deleted in order to generate savings. Some restructurings are underway at present from which a small number of predominantly voluntary exits are envisaged.” James Brereton (Head of Human Resources), 27 February 2023	
<b>HR Partner:</b> James Brereton (Head of Human Resources) – 27 February 2023	

<b>EDM Sign-off</b>	Denise Murray	25 February 2023
<b>Cabinet Member sign-off</b>	Cllr Craig Cheney	27 February 2023
<b>For Key Decisions - Mayor’s Office sign-off</b>	Mayor’s Office	27 February 2023

<b>Appendix A – Further essential background (A1-A5)</b>	<b>YES</b>
<b>Appendix B – Details of consultation carried out - internal and external</b>	<b>NO</b>
<b>Appendix C – Summary of any engagement with scrutiny</b>	<b>NO</b>
<b>Appendix D – Risk assessment</b>	<b>NO</b>
<b>Appendix E – Equalities screening / impact assessment of proposal</b>	<b>NO</b>
<b>Appendix F – Eco-impact screening/ impact assessment of proposal</b>	<b>NO</b>
<b>Appendix G – Financial Advice</b>	<b>NO</b>
<b>Appendix H – Legal Advice</b>	<b>NO</b>
<b>Appendix I – Exempt Information</b>	<b>NO</b>
<b>Appendix J – HR advice</b>	<b>NO</b>
<b>Appendix K – ICT</b>	<b>NO</b>
<b>Appendix L – Procurement</b>	<b>NO</b>